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IN THE

Supreme Court of the United States

OCTOBER TERM, 1956

NO. .....

PITTSBURGH-ERIE SAW CORPORATION, Petitioner

v.

SOUTHERN SAW SERVICE, INC., Respondent

PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FIFTH CIRCUIT

Petitioner, Pittsburgh-Erie Saw Corporation, originally plaintiff, and appellee in the court below, prays that a writ of certiorari issue to review the judgment of the United States Court of Appeals for the Fifth Circuit entered November 27, 1956 (Hutcheson, Chief Judge, concurring in part and dissenting in part); rehearing denied January 3, 1957.

OPINIONS BELOW

The opinion of the United States District Court for the Northern District of Georgia (R. 460*, A-1†) is reported at 136 F. Supp. 96, 107 USPQ 203. The final judgment of the District Court (R. 473, A-12) was entered August 24, 1955.

The opinion of the Court of Appeals (A-13) is reported at 239 F. 2d 339, 111 USPQ 362.

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* References to the printed record in the court below are by "R" followed by the page number.

† References to the Appendix are by the page numbers thereof, as A-1, A-2, etc.

JURISDICTION

The judgment of the Court of Appeals sought to be reviewed (A-29) was dated and entered November 27, 1956; Hutcheson, Chief Judge, concurring in part and dissenting in part. A petition for rehearing was duly filed and was denied without opinion January 3, 1957 (A-29).

This Court has jurisdiction under 28 U.S.C. 1254 (1) and 2101 (c).

QUESTIONS PRESENTED

1. Under the new patent reissue and intervening rights statute, 35 U.S.C. 251-2, which went into effect January 1, 1953, and whose intervening rights provisions have not prior to the present case been interpreted by any court, does an infringer acquire "an absolute [intervening] right . . . without regard to the extent of its use prior to reissue" to use a blade wrapping machine infringing valid claims of a reissue patent owned by another, which blade wrapping machine

(a) was *built* prior to the reissue but *not used* until more than three years thereafter other than to experimentally wrap a few blades,

(b) was *affirmatively intended* by the infringer *not to be used,* and

(c) was built purely as a *model* to show to the patent owner in the hope of using it as *trading material to obtain a license under the patent?*

2. If the answer to question 1 is "yes", does the intervening right apply to the machine in the form in

which it existed at the time of the reissue or at the time the suit was instituted, the machine having been materially altered and improved between the time of the reissue and the time the suit was instituted?

3. Does the old law, 35 U.S.C. 64, which was in effect up to January 1, 1953, or the new law, 35 U.S.C. 251-2, which went into effect January 1, 1953, apply to the reissue patent involved in this case, which was reissued May 16, 1950?

STATUTES INVOLVED

The new patent reissue and intervening rights statute, 35 U.S.C. 251-2, which went into effect January 1, 1953:

"§ 251. REISSUE OF DEFECTIVE PATENTS

Whenever any patent is, through error without any deceptive intention, deemed wholly or partly inoperative or invalid, by reason of a defective specification or drawing, or by reason of the patentee claiming more or less than he had a right to claim in the patent, the Commissioner shall, on the surrender of such patent and the payment of the fee required by law, reissue the patent for the invention disclosed in the original patent, and in accordance with a new and amended application, for the unexpired part of the term of the original patent. No new matter shall be introduced into the application for reissue.

The Commissioner may issue several reissued patents for distinct and separate parts of the thing patented, upon demand of the applicant, and upon

payment of the required fee for a reissue for each of such reissued patents.

The provisions of this title relating to applications for patent shall be applicable to applications for reissue of a patent, except that application for reissue may be made and sworn to by the assignee of the entire interest if the application does not seek to enlarge the scope of the claims of the original patent.

No reissued patent shall be granted enlarging the scope of the claims of the original patent unless applied for within two years from the grant of the original patent. July 19, 1952, c. 950, § 1, 66 Stat. 808."

"§ 252. EFFECT OF REISSUE

The surrender of the original patent shall take effect upon the issue of the reissued patent, and every reissued patent shall have the same effect and operation in law, on the trial of actions for causes thereafter arising, as if the same had been originally granted in such amended form, but in so far as the claims of the original and reissued patents are identical, such surrender shall not affect any action then pending nor abate any cause of action then existing, and the reissued patent, to the extent that its claims are identical with the original patent, shall constitute a continuation thereof and have effect continuously from the date of the original patent.

No reissued patent shall abridge or affect the right of any person or his successors in business

who made, purchased or used prior to the grant of a reissue anything patented by the reissued patent, to continue the use of, or to sell to others to be used or sold, the specific thing so made, purchased or used, unless the making, using or selling of such thing infringes a valid claim of the reissued patent which was in the original patent. The court before which such matter is in question may provide for the continued manufacture, use or sale of the thing made, purchased or used as specified, or for the manufacture, use or sale of which substantial preparation was made before the grant of the reissue, and it may also provide for the continued practice of any process patented by the reissue, practiced, or for the practice of which substantial preparation was made, prior to the grant of the reissue, to the extent and under such terms as the court deems equitable for the protection of investments made or business commenced before the grant of the reissue. July 19, 1952, c. 950, § 1, 66 Stat. 808."

Section 5 of the statute revising, codifying and enacting Title 35 of the United States Code: Public Law No. 593, July 19, 1952, United States Statutes at Large, Chapter 950, volume 66, page 815:

"SEC. 5. The sections or parts thereof of the Revised Statutes or Statutes at Large enumerated in the following schedule are hereby repealed. Any rights or liabilities now existing under such sections or parts thereof shall not be affected by this repeal.

. . . U.S. Code, 1946 edition—

Title 35, Section 64 . . .".

The old patent reissue statute, 35 U.S.C. 64, which was in effect up to January 1, 1953:

"§ 64. REISSUE OF DEFECTIVE PATENTS; PATENTS FOR SEPARATE PARTS

Whenever any patent is wholly or partly inoperative or invalid, by reason of a defective or insufficient specification, or by reason of the patentee claiming as his own invention or discovery more than he had a right to claim as new, if the error has arisen by inadvertence, accident, or mistake, and without any fraudulent or deceptive intention, the commissioner shall, on the surrender of such patent and the payment of the duty required by law, cause a patent for the same invention, and in accordance with the corrected specification, to be reissued to the patentee or to his assigns or legal representatives, for the unexpired part of the term of the original patent. Such surrender shall take effect upon the issue of the reissued patent, but in so far as the claims of the original and reissued patents are identical, such surrender shall not affect any action then pending nor abate any cause of action then existing, and the reissued patent to the extent that its claims are identical with the original patent shall constitute a continuation thereof and have effect continuously from the date of the original patent. The commissioner may, in his discretion, cause several patents to be issued for distinct and separate parts of the thing patented, upon demand of the applicant, and upon payment of the required fee for a reissue for each of such reissued letters patent. The specifications and claims in every such case shall be subject to revision and restriction in

the same manner as original applications are. Every patent so reissued, together with the corrected specifications, shall have the same effect and operation in law, on the trial of all actions for causes thereafter arising, as if the same had been originally filed in such corrected form; but no new matter shall be introduced into the specification, nor in case of a machine patent shall the model or drawings be amended, except each by the other; but when there is neither model nor drawing, amendments may be made upon proof satisfactory to the commissioner that such new matter or amendment was a part of the original invention, and was omitted from the specification by inadvertence, accident, or mistake, as aforesaid.

S. § 4916; May 24, 1928, c. 730, 45 Stat. 732.

STATEMENT OF THE CASE

On March 9, 1954, petitioner sued respondent for infringement of United States reissue patent No. 23,231, granted May 16, 1950 (R. 12, 483). Respondent admitted making and using the accused endless band saw blade wrapping machine but contended that the machine does not infringe the patent (R. 16, 20, 25) and also pleaded invalidity (R. 20-23) and intervening rights (R. 19). Both courts below held all of the claims in suit—claims 20, 23, 24 and 25—valid and infringed (A-9, 10, 21, 25). Respondent seeks no review of those holdings. The only issues involved on this petition are questions relating to intervening rights.

The basis for federal jurisdiction in the court of first instance is Title 28, Sections 1338 (a) and 1400 (b), of

the United States Code; also—by reason of the saving clause contained in Section 5 of Public Law No. 593 of July 19, 1952, United States Statutes at large, Chapter 950, volume 66, page 815 (p. 5*)—old Title 35, Section 64, of the United States Code (p. 6) which was in effect up to January 1, 1953. The Court of Appeals held (A-18) that new Title 35, Section 252 (p. 4), of the United States Code, which went into effect January 1, 1953, is applicable rather than old Section 64. One of the issues of the case is whether the old law or the new law applies, but whichever law applies petitioner had a proper cause of action against respondent under the patent laws.

There is no issue of fact; all of the issues involved are pure issues of law.

In stating the case we shall state the facts as found by the courts below; all findings of fact of the trial court were accepted by the Court of Appeals except the trial court's finding that the patent in suit is a pioneer patent (A-2); the Court of Appeals held the patent in suit to be "a primary patent in the sense that it was the first device to wrap band saw blades or any endless, flexible flat article" (A-24, 25).

The evidence established and the trial court found that prior to the reissue respondent built a *model* machine which respondent affirmatively intended *not* to use, and in fact did not use, except for experimentally wrapping a few blades, until three years after the reissue (A-5, 6). Respondent built the model machine for the express purpose of disclosing it to petitioner in the hope that petitioner would see merit in it and in

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* Pages of this Petition are designated by "p" followed by the page number.

return for rights under it grant respondent a license under the patent in suit (A-5). At no time until three years after the reissue did respondent assume a posture adverse to petitioner or to the patent in suit (A-5).

The District Court did not determine whether the old or the new law applies, being of the opinion that determination of that question was not necessary since the same result would be reached in either case. The District Court held that, whichever law applies, respondent has no intervening rights because it did not comply with the legal requirements as to substantial use of the invention prior to reissue (A-10) and particularly that respondent's affirmative intention to respect the patent is inconsistent with the creation of an intervening right (A-11). The District Court further held that under the new law the extent of use necessary to create an intervening right is substantially the same as under the old law but that the new law vests discretionary power in the courts as to enforcement (A-11).

The Chief Judge of the Court of Appeals stated (and there is no dispute on the question) that it is conclusively established that "there is no basis here for the claim of equitable rights" (A-28).

After holding that the new law applies (A-18), the Court of Appeals, by a two to one majority, the Chief Judge dissenting (A-27, 28), construed the new law to grant an intervening right to respondent (A-19), holding that the new law gives respondent an *absolute right* to continue using the accused machine without regard to the extent of its use prior to reissue and subject only to the requirement that its use does not infringe an

original valid claim which was carried over into the reissue (A-19). The Chief Judge disagreed because the new law "in line with decisional law under Sec. 64 of the earlier statute remits the matter to the discretion of the court . . . for determination by it upon equitable considerations" (A-28).

Thus the Chief Judge of the Court of Appeals and the trial judge on one side are in flat disagreement with the two junior judges of the Court of Appeals on the other side as to the construction of new Section 252.

A subsidiary question involves the interpretation of the phrase "made, purchased or used" in Section 252. The District Court held the phrase to mean "made or purchased and used" (A-11). The Court of Appeals disagreed (A-19). We have not included this subsidiary question in the "Questions Presented" because the conclusion contended for by petitioner—that respondent is not entitled to intervening rights—does not depend upon what construction is given to the words "made, purchased or used". Moreover, under Rule 23 1(c) of this Court question 1 (p. 2) includes the subsidiary question.

Question 2 (p. 2, 3) is as to the extent of the intervening right respondent should have if the majority of the Court of Appeals is right in holding that respondent should have some intervening right. The evidence shows that respondent materially altered the accused machine in 1953, three years after the reissue (A-6). The majority of the Court of Appeals held (A-27) that respondent

> ". . . has intervening rights and is entitled to the continued use of the accused machine".

The opinion of the majority is unclear as to whether it is intended to grant respondent the right to continue using the machine as it now stands, the machine having been materially altered in 1953, or to hold that respondent has the right to use the machine as it existed at the time of the reissue. Possibly the word "continue" was used simply because it is in the statute, and the majority may have intended the intervening rights to apply to the machine as it existed "prior to the grant of a reissue" as the statute provides (p. 5), but the majority's opinion is at least ambiguous and susceptible of two interpretations. Petitioner sought clarification of that point by its petition for rehearing in the Court of appeals but the petition was denied without opinion for the reason that "neither of the judges who concurred in the decision of the Court . . . is of the opinion that the petition for rehearing should be granted" (A-29).

The holding of the Court of Appeals that the new law applies is based upon a misunderstanding of petitioner's position. The opinion of the Court of Appeals states (A-16, 17, 18):

> "Appellee [petitioner] argues that these sections [4 (a) and 5 of the Act of July 19, 1952] saved from repeal its right of recovery for infringement of any claim of the original patent, without regard to whether such claim had been carried over in the reissue, and that survival of the right to prosecute such cause of action carried with it the correlative right to negative the within claim of intervening rights by showing insubstantial use. . . . [petitioner] has taken the position throughout this action that appellant's [respondent's] machine was

capable of commercial operation and appellant's [respondent's] use thereof amounted to infringement only in and after August, 1953, that is, several years after the reissue".

The Court cites the part of old Section 64 relating to claims *carried over from an original patent to its reissue* as the part of the old law relied upon by petitioner (A-17), *but petitioner does not rely and has at no time relied on that part of the statute.* Petitioner has at no time taken the position stated by the Court of Appeals. Petitioner never argued that the Act of July 19, 1952, saved from repeal its right of recovery for infringement of any claim of the original patent without regard to whether such claim had been carried over in the reissue. Petitioner has never taken the position that respondent's use of the accused machine amounted to infringement only in and after August, 1953. Petitioner charged respondent with infringement of the reissue patent from the date of its grant (R. 13) and respondent in its answer admitted using the accused machine between March 9, 1948, and March 9, 1954 (R. 16).

ARGUMENT

Reasons Why the Writ Should Be Granted

The writ of certiorari prayed for should be granted for the following reasons:

1. The matter is one of paramount public importance, involving the *first* interpretation (which petitioner submits is an *incorrect* interpretation) of the *first* specific intervening rights statute in the history of United States patent jurisprudence. If the judgment of the Court of Appeals stands as the law the door will be left open for the wholesale acquisition of "intervening rights" contrary to the intent of Congress.

2. The Court of Appeals has decided an important question of federal law which has not been, but should be, settled by this Court.

3. The Court of Appeals has decided a federal question in a way in conflict with applicable decisions of this Court.

4. The four judges who have passed on the principal question involved are equally divided, two against two.

5. The new law, which, petitioner submits, the Court of Appeals has misinterpreted, should not be interpreted at all in this case because the old law and not the new law applies.

Interpretation of the New Law

The evidence, as stated by Judge Hutcheson, is "undisputed" and "establishes conclusively that there is no basis here for the claim of equitable rights" (A-28).

The majority of the Court of Appeals in holding that respondent has "an absolute right to continue using" the accused machine "without regard to the extent of its use prior to reissue" (A-19) and that "the degree of use is immaterial to appellant's [respondent's] claim of intervening rights" (A-27) has made two errors of interpretation.

First, since respondent made no substantial use of the machine prior to the reissue (A-5, 6) it can hardly *"continue"* such use. The statute plainly contemplated that there should have been a use prior to the reissue as a prerequisite to the right to *continue* use. Analogy: one who has been only standing still cannot *continue* to run.

Second, the majority of the Court of Appeals also failed to take into consideration the last sentence of the very paragraph of the new law in which the right to continue use is given. That sentence reads (p. 5):

> "The court before which such matter is in question may provide for the continued manufacture, use or sale of the thing made, purchased or used as specified, or for the manufacture, use or sale of which substantial preparation was made before the grant of the reissue, and it may also provide for the continued practice of any process patented by the reissue, practiced, or for the practice of which sub-

stantial preparation was made, prior to the grant of the reissue, to the extent and under such terms as the court deems equitable for the protection of investments made or business commenced before the grant of the reissue".

If, as the majority of the Court of Appeals held, the statute gives an absolute right to continue using the infringing thing without regard to the extent of use prior to reissue, there would be no reason for the inclusion of at least parts of the last sentence of the paragraph as just quoted. To say the least, the section is ambiguous if it first gives an *"absolute right"* to continue use and then provides that the court may determine what is "equitable for the protection of investments made or business commenced before the grant of the reissue". It is well settled that whenever the words of a statute are ambiguous, or the meaning doubtful, the established rule of construction is, that the intention must be deduced from the whole statute, and every part of it. *Rice v. Railroad Company,* 66 U.S. 358, 378. If in a subsequent clause of the same act provisions are introduced, which show the sense in which the legislature employed doubtful phrases previously used, that sense is to be adopted in construing those phrases. *Alexander v. The Mayor and Commonalty of Alexandria,* 9 U.S. 1, 7-8. Statutory standards are not to be tested in isolation. They derive much meaningful content from the purpose of the act, its factual background and the statutory context in which they appear. *American Power & Light Co. v. Securities & Exchange Commission,* 329 U.S. 90, 104; *Lichter et al. v. United States,* 334 U.S. 742, 785; *Knauff v. Shaughnessy,* 338 U.S. 537, 543.

Interpretation of the New Law.

At page 26 of the Appendix to H. R. Rep. No. 1923, 82nd Cong. 2d Sess. (1952) the following comment on Section 252 appears:

> "The first paragraph follows the present section with some rearrangement in language. The second paragraph adds new provisions for the protection of intervening rights, the court is given *discretion to protect legitimate activities** which would be adversely affected by the grant of a reissue and things made before the grant of the reissue are not subject to the reissue unless a claim of the original patent which is repeated in the reissue is infringed".

The judgment of the majority of the Court of Appeals nullifies the intent of Congress by giving no effect to the last sentence of the second paragraph of Section 252 providing for the exercise of discretion by the Court. Respondent built only a *model* machine which was never commercially used prior to the reissue and which respondent affirmatively intended *not* to use and which was built for the sole purpose of exhibiting to petitioner to use as trading material for a license under the patent in suit (A-5, 6). Respondent at no time assumed a posture adverse to petitioner or to the patent in suit until three years after the reissue (A-5). We can do no better than to cite and rely on the words of the Chief Judge of the Court of Appeals in his dissenting opinion (A-28):

> ". . . the undisputed evidence . . . establishes conclusively that there is no basis here for the claim of equitable rights".

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* Emphasis in quotations ours throughout this Petition.

The other judges of the Court of Appeals do not dispute that statement by the Chief Judge.

We submit that it is error by the majority of the Court of Appeals to construe the stature to grant an absolute right when the clear meaning of the statute is that the court should exercise discretion in determining whether or not under the circumstances of the case intervening rights should be granted. We submit that when Section 252 is construed as a whole it requires the application of the court's discretion to the existing situation and that when such discretion is applied to the facts of the present case no intervening rights should be allowed.

Future Effect of Decision Below

The decision of the majority of the Court of Appeals will, unless it is reversed, have an effect on the future patent jurisprudence of the United States which not only will be contrary to the intent of Congress but also will countenance the most flimsy subterfuges for the purpose of creating "intervening rights". If respondent can create an intervening right by building a model machine which it intended not to use and never used commercially, all the while fully recognizing the validity and effect of the patent in suit, where is the line to be drawn between activity which creates an intervening right and that which does not? Will the building of a small scale working model create an intervening right? What about the provision of the statute vesting discretion in the court to determine the terms which it "deems equitable for the protection of investments made or business commenced before the grant of a reissue"? Is the *building of a model* the making of an investment or the commenc-

ing of a business such as Congress contemplated? We submit that it is not.

It is clear from the use of the term "intervening rights" in the Congressional report above referred to that Congress had in mind the same general basic concept of intervening rights as existed under the old law as defined by court interpretation. It was very well settled under the old law that the intervenor had to do something quite substantial in building up a business adverse to rather than in recognition of the patent. In many cases activities very substantial indeed in comparison with respondent's activities here were held to be insufficient to establish an intervening right.

In *Sontag Stores Co. v. Nut Co.*, 310 U.S. 281, 294-5, this Court approved and quoted from the opinion of the Circuit Court of Appeals for the Sixth Circuit in the leading *Ashland Fire Brick* case as follows:

> ". . . the defendant built a noninfringing brick machine, and still before the reissue application another one, *at a substantial expense,* and *put them into commercial use on a large scale by extensively selling their product, and thus made them substantially material to its manufacturing business,* the defendant *thereby acquired* at least a right to continue to use these two machines as if it held a license therefor under the reissued patent".

Other decisions requiring very substantial activity on the part of the intervenor prior to the reissue and in a posture adverse to rather than in recognition of the patent in order to create an intervening right are *A. O. Smith Corp. v. Affiliated Gas Equipment, Inc.* (C.A. 5, 1953), 205 F. 2d 654, 658; *Tulchin v. Perey Mfg. Co. et al.*

(C.C.A. 2, 1937), 87 F. 2d 302; *United States Industrial Chemicals, Inc., v. Carbide & Carbon Chemicals Corporation* (C.C.A. 4, 1941), 121 F. 2d 665, 672-3 (reversed on other grounds, 315 U.S. 668); *A. D. Howe Mach. Co. v. Coffield Motor Washer Co.* (C.C.A. 4, 1912), 197 F. 541, 547; *Ashley et al. v. Samuel C. Tatum Co.* (D.C. N.Y., 1917), 240 F. 979, 982; *Carbide & Carbon Chemicals Corp. v. U.S. Industrial Chemicals, Inc.* (D.C. Md., 1940), 34 F. Supp. 813, 822; *Krauth et al. v. Autographic Register Co., et al.* (D.C. N. J., 1921), 285 F. 199, 205.

The District Court held as one of its conclusions of law (A-11) that under the present law, Section 252,

> ". . . the extent of use necessary to create an intervening right is substantially the same as under the old law, but the statute vests discretionary power in the Courts as to enforcement".

This is precisely in accord with Judge Hutcheson's statement (A-28):

> ". . . it is my view that the statute [new Section 252], in line with decisional law under Sec. 64 of the earlier statute remits the matter to the discretion of the court 'before which such matter is in question', for determination by it upon equitable considerations".

We submit that posterity should not be saddled with the clearly erroneous construction placed upon Section 252 by the majority of the Court of Appeals and that public policy requires reversal of the judgment.

If Respondent Has an Intervening Right, To What Does It Extend?

It is not clear what the majority of the Court of Appeals intended in holding that respondent "is entitled to the *continued use* of the accused machine" (A-27). Possibly the words "continued use" were used in the judgment because the words "continue the use of", "continued manufacture" and "continued practice" are used in Section 252 (p. 5). However, the section is explicit that the continuing rights which it provides for (subject to the discretion of the court) are with respect to things made, purchased or used by the intervenor *"prior to the grant of a reissue"*. In the present case respondent had up to 1953, *three years after the reissue,* only a *model* machine not suited to or capable of commercial operation. In 1953 respondent extensively altered the machine to render it commercial and respondent thereupon for the first time put the machine to commercial use (A-5, 6)*. The words used in the judgment might be taken, if given face value, to mean that respondent may continue to use the machine as altered in 1953 and as it now stands, but such a construction of the judgment would be flatly contrary to the express words of the statute as above pointed out. We asked clarification of the judgment in our petition for rehearing in the Court of Appeals, but no clarification was forthcoming. We submit that it should be made clear that if respondent

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* The Court of Appeals in a footnote to its opinion (A-19) refers to the modifications as being slight in the sense that they "do not warrant a finding that the machine was 'made or purchased' after the reissue". At that point in its opinion the Court of Appeals was not considering or construing the portion of Section 252 here under discussion.

has intervening rights the intervening rights apply to the machine as it existed "prior to the grant of a reissue" and not as it was altered three years after the reissue.

Old Section 64, Not New Section 252, Applies in This Case

Old Section 64 (p. 6) contains (1) *general provisions* for reissue and as to the effect of reissue patents and (2) *special provisions* applying to *claims carried over from an original patent into its reissue.*

In the present case *only the general provisions of Section 64 apply* because none of the claims in suit was carried over from the original patent into the reissue. *The special provisions as to carried-over claims have no applicability whatever to this case.*

The Court of Appeals misunderstood and misstated petitioner's position as to applicability of old Section 64. See *supra,* pp. 11-12. Having erroneously held that petitioner relies on the special provisions of old Section 64, the Court of Appeals then held that those provisions do not apply and hence that Section 64 does not apply. The Court of Appeals gave no consideration whatever to the *general provisions* of Section 64 which *do* apply.

Under the general provisions of Section 64 petitioner had the right after its grant on May 16, 1950, to enforce the reissue patent in suit with "the same effect and operation in law, on the trial of all actions for causes thereafter arising, as if the same had been originally filed in such corrected form". But a part of old Section

64 was the court-enounced intervening rights law as it existed prior to January 1, 1953, and which required substantial use prior to the reissue of a thing or process covered by the reissue patent but not covered by the original patent in order to create an intervening right. This is very well established; see Conclusion of Law No. 10 by the District Court in this case (A-10, 11; *supra*, p. 18) and the authorities cited above at pages 18-19. What apparently was confusing to the Court of Appeals was petitioner's contention that in no event could respondent have intervening rights because respondent infringed claim 19 of the original patent. The reference to claim 19 of the original patent apparently caused the Court of Appeals to look only at the special provisions of Section 64 as to carried-over claims and overlook the general provisions of the section. Claim 19 is not a carried-over claim; it was in the original patent and it was infringed by respondent (R. 491). It is not in the reissue patent. However, the fact that it was in the original patent and that it was infringed creates a situation in which the respondent *infringed the original patent* and hence the rule of intervening rights that an intervening right may be acquired by substantial use prior to the reissue of a thing or method *not* covered by the original patent *simply cannot apply at all in this case regardless of the substantiality or lack of substantiality of respondent's use.*

Actually, in view of the undisputed fact that respondent made no substantial use whatever of the accused machine prior to the reissue, that fact alone bars intervening rights under Section 64 and it is unnecessary to go into the question of infringement of claim 19.

The Old Law Applies.

Petitioner's right to sue under old Section 64 was a right which existed beginning on May 16, 1950, years before new Section 252 was enacted. There can be no possible question as to respondent's right to sue under old Section 64 up to January 1, 1953, when the new law went into effect. But when the new law was enacted Section 5 of the enacting statute (see *supra*, p. 5) provided that any rights or liabilities existing under the repealed sections or parts thereof "shall not be affected" by the repeal. Old Section 64 was specifically listed as one of the repealed sections. Petitioner had a right under old Section 64 to sue for infringement of its reissue patent. Coupled with that right was the right to have old Section 64 construed as it had been construed by the courts through the years in respect of the doctrine of intervening rights. Applying that doctrine, respondent can have no intervening right in this case.

The Court of Appeals fully recognized the effect of Section 5 of the enacting statute, stating (A-17):

> "It is true that Section 5 of the Act of July 19, 1952, repeals certain sections of the prior patent act, including former Section 64, and the second paragraph of Section 5 states that 'Any rights or liabilities now existing under such sections or parts thereof shall not be affected by this repeal' ".

The Court of Appeals then turned to the special provisions of Section 64 which are agreed by all, including petitioner, to have no applicability to this case, and because the Court of Appeals found the special provisions to have no applicability and overlooked the general provisions it erroneously found that petitioner was not

entitled to rely on the old law. Had the court, after correctly stating the significance of Section 5 of the enacting statute, correctly turned to the *general* provisions of old Section 64 it would have found those provisions to be applicable and perforce would have sustained petitioner's right to rely on old Section 64.

We submit that for the reasons above stated it is very clear that old Section 64 is applicable rather than new Section 252.

The principal importance of the error of the Court of Appeals in applying the new law rather than the old law is not that petitioner is thereby injured but that the holding that the new law is applicable led the majority of the Court on to erroneously construe the new law, to the detriment of the public, as demonstrated above (p. 17). Actually the new law is not applicable in this case at all and hence should not be construed at all. We think that the judgment of this Court should be that the old law is applicable and that under the old law respondent can have no intervening rights, and that since the new law is not applicable it should not be construed, wherefore the judgment of the Court of Appeals is reversed, leaving the question of construction of the new law for a later case in which the new law is truly applicable. In any event we submit that this Court should act to nullify the incorrect construction of new Section 252.

This Petition Should Be Granted.

Petitioner therefore prays that this petition for a writ of certiorari be granted.

Respectfully submitted,

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February 15, 1957.

APPENDIX

Opinion of the District Court

(Filed July 27, 1955)

[Reported at 136 F. Supp. 96]

SLOAN, District Judge:

Plaintiff sues for infringement of United States Reissue Patent No. 23,231, relating to method and apparatus for wrapping saw blades or the like.

Plaintiff charges defendant with infringement of apparatus claim 20 by making and using within six years prior to the filing of the complaint, an apparatus for wrapping saw blades covered by that claim and with the infringement of method claims 23, 24 and 25 by performing the method covered by those claims.

The defendant:

1. Denies infringement, and

2. Asserts that plaintiff has no right in Court to allege infringement for the reason that defendant enjoys intervening rights, and

3. That the reissue patent and its claims are invalid.

The case came on for trial before the Court on the pleadings, stipulations and the evidence consisting of oral testimony and documentary proofs. Witnesses were called by the respective parties whose testimony was transcribed in the record. The Court has had the benefit of argument of counsel orally and upon brief. The Court has reviewed the record and briefs of counsel; has considered the proposed findings of fact and conclusions of law which have been submitted, and weighed carefully

the arguments presented, and upon due consideration of the whole case, the Court makes the following:

FINDINGS OF FACT.

1. The plaintiff is the Pittsburgh-Erie Saw Corporation, a Delaware corporation, of Pittsburgh, Pennsylvania, and the defendant is the Southern Saw Service, Inc., a Georgia corporation of Atlanta, Georgia.

2. The patent in suit is United States Reissue Patent No. 23,231 relating to method and apparatus for wrapping saw blades or the like. The claims in suit are apparatus claim 20 and method claims 23, 24 and 25.

3. From January 11, 1949 to May 16, 1950, the plaintiff was the owner of United States Patent No. 2,458,971, the parent of the reissue patent in suit, and from May 16, 1950 to the present time plaintiff has been and is the owner of the reissue patent in suit.

4. Plaintiff is the first to wrap band saw blades or any endless, flexible flat articles and the patent in suit is a pioneer patent in the art.

5. Plaintiff's method of wrapping saw blades supplants the use of bags and has many advantages and the advantages of the invention are not denied or disputed by the defendant. The invention of the patent in suit is meritorious and has advanced the state of the art. It has had extensive commercial use and plaintiff has wrapped on the blade wrapping machines over nine million band saw blades and plaintiff's income from its wrapped saw blade service has been in excess of five million dollars.

6. Plaintiff's band saw wrapping machines are substantially the same as the machine shown in the pat-

ent in suit and plaintiff's method is the same as the method of the patent. The drawings of the patent in suit contain minor discrepancies which do not interfere with or prevent an understanding of the construction and operation of the machine and do not prevent the construction of a satisfactory machine from the drawings by one skilled in the art; the drawings are much more complete than sketches that are often handed to good mechanics to make machines with verbal or written instructions accompanying the sketches.

7. The patent in suit teaches for the first time a new combination of elements producing a new and useful result; the combination of the strip folding means which are openable to permit introduction of the endless band and removal of the wrapped endless band together with opposed pinch rolls acting on the flat faces of the band and wrapping strip so that as the pinch rolls advance the band and wrapping strip, the folding means act on the wrapping strip to progressively fold it about the band preferably in a substantially straight wrapping path.

8. The patent in suit discloses the best mode of practicing the invention, but is not limited to the particular form shown. The phrase "progressively folding the wrapping strip" used in certain of the claims, means a folding accomplished during the progress or movement of the strip and band through the wrapping path and is not limited to folding accompanied by a series of separate steps performed one after the other, with each step being completed before the succeeding step commences.

9. In the machine shown in the patent drawings, and in plaintiff's machine, the strip folding means open

laterally to permit introduction thereinto of the endless band at the beginning of the operation and removal of the wrapped endless band at the conclusion thereof. In the method of the patent, and in the plaintiff's method, the endless band to be wrapped is introduced laterally into the wrapping path and the wrapped blade is withdrawn laterally from the wrapping path. The words "lateral" and "laterally" as used in the patent in suit mean at right angles to the wrapping path, either horizontally, vertically, or otherwise. Lateral is not the antonym of vertical.

10. The defendant's machine and method is in all material respects the same as the plaintiff's machine and method, although the machines differ in form; the differences in form between the machines are not differences which reflect any departure by the defendant from the invention of the patent in suit.

11. The fact that in defendant's operation both sides of the wrapping strip are being turned about the band at the same time does not avoid the invention or the claims of the patent in suit; the wrapping is progressive just as in the patent and the result is the same. Closing of the defendant's pinch rolls before closing the formers is a difference of no significance over the operation of the patent in which the formers are closed first; in both cases the same result is accomplished in the same way. The defendant's apparatus responds completely, both in terms and substance, to claim 20 of the patent in suit and the defendant's method responds completely both in terms and substance to claims 23, 24 and 25 of the patent in suit.

12. Endless band saw blades, as wrapped on the machine and by the method of the patent in suit, with the lap of the wrapping strip at the inside of the endless band are stable and do not need to be turned inside out or flipped to make them stable. The flipping of plaintiff's blades to bring the lap of the wrapping strip to the outside is a matter of preference rather than necessity and is done because it costs nothing. It would not be done if any substantial cost were involved in connection with it.

13. The defendant became interested in wrapping band saw blades through the fact that Mr. Anderson, now the President of the defendant company, had seen the plaintiff's wrapped band saw blades in the market. Defendant built its blade wrapping machine as a model to show the plaintiff in the hope of arriving at a mutual understanding through which defendant would license plaintiff to use the defendant's alleged improvements in return for a license under the patent in suit. It was the defendant's affirmative intention, not only prior to, but also for years after the reissue, not to use the accused machine and not to assume a posture adverse to plaintiff or to the patent in suit. After the grant of the reissue patent defendant represented to plaintiff that it had not used the accused band wrapping machine, and from prior to the reissue and continuing until August, 1953, more than three years thereafter, the defendant made no use of its blade wrapping machine other than to experimentally wrap a few blades, and as soon as defendant was notified of the infringement of the patent in suit, it immediately stopped using the accused blade wrapping machine and hasn't used it since, further evi-

dencing defendant's affirmative intention not to assume a posture adverse to the patent in suit.

14. Until August, 1953, the defendant's accused blade wrapping machine lacked elements necessary for commercial operation, further evidencing defendant's intention not to use the machine through a period extending years after reissue.

15. Mr. Anderson, the President of the defendant company, testified that he took wrapped blades to a Big Apple Store in 1948 or 1949 and delivered them to George Campbell. His testimony in this respect is uncorroborated, and although the defendant took Campbell's deposition, it withheld the deposition from evidence. The defendant did not call as witnesses a number of persons whose names and addresses were known to defendant before and during the trial and who, according to the sworn statement of Anderson, had knowledge of the wrapping of band saw blades on defendant's machine prior to the reissue.

16. None of the 21 prior art patents cited by the defendant relate to the wrapping of band saw blades or any endless, flexible, flat band; the prior art patents do not disclose or teach the subject matter of any of the claims in suit and do not render such subject matter obvious.

17. The tire wrapping patents set up by the defendant are affirmatively shown to be paper patents and there is no showing that any of the 21 prior art patents were ever used.

At the conclusion of plaintiff's testimony in chief the defendant moved to dismiss the complaint for lack

of proof of infringement. The Court reserved its ruling on this motion for later decision.

After reviewing the evidence and giving consideration to the briefs and arguments of counsel, the defendant's motion to dismiss is overruled and denied.

There was offered and received in evidence, subject to objection, certain items of documentary evidence contained in a stipulation between the parties dated November 8, 1954, said stipulation being marked "PX20," this documentary evidence consisting of first, a stipulation as to the testimony of Mr. Hoopes, plaintiff's attorney, concerning a conversation with Alva D. Adams, Esq., now deceased, who was at that time attorney for defendant, and a letter written by Mr. Hoopes to plaintiff in connection therewith ("PX 20C"). This testimony was objected to by defendant upon the grounds that it was prohibited under the dead man's statute [Georgia Code, Sec. 38-1603 (3), (5)] and that Mr. Adams was not shown to have been authorized to make the statements attributed to him.

The general rule under Georgia Code Section 38-1603 is that all persons are competent to testify except those specifically prohibited. A portion of subsection (3) of this code section provides:

". . . the opposite party shall not be admitted to testify in his own behalf to transactions or communications solely with a deceased . . . officer or agent of the corporation."

"Opposite party" as used in the above quoted clause of subsection (3) refers to an individual.

Mr. Hoopes is competent to testify. See Clover Leaf Casualty Co. v. National Life Ins. Co., 25 Ga. App.

382; Ullman v. Brunswick Title Co., 96 Ga. 625. The letter ("PX-20C") written by Mr. Hoopes to plaintiff is admissible. Any doubt cast by the holding in Potts v. Moultrie Banking Co., 22 Ga. App. 498, 500 being resolved in favor of admissibility. The fact that Mr. Adams was not shown to have been specifically authorized to make the statement does not render the testimony inadmissible. See Mason & Dickinson v. Croom, 24 Ga. 211; Hardeman v. Hardeman, 179 Ga. 34 (5).

The objection of defendant to the testimony of Mr. Hoopes and to his letter ("PX-20C") are overruled and the evidence is admitted.

Contained in said stipulation ("PX-20") were two letters written by Mr. Anderson, now the defendant's president, and a witness in this case, the letters being dated respectively, August 9, 1950 ["PX-20(a)"] and July 9, 1954 ["PX-20(b)"], in which Mr. Anderson, writing to plaintiff, denominates the accused machine as a model and refers to it as a model machine. Defendant now objects to these letters on the ground that it is an admission made with a view to compromise and as such is prohibited under Georgia Code Section 38-408. The objections to this evidence are not well taken as it has not been shown to be an offer of compromise or that the letters were induced by settlement negotiations, and to the contrary it appears that the statements were independent statements of fact. The objections to these letters are overruled and the same are admitted in evidence. See Austin v. Long, 5 Ga. App. 551; 31 C. J. S. 1047 (Sec. 287).

CONCLUSIONS OF LAW

1. This Court has jurisdiction of the parties and subject matter under Title 28, Sections 1338 and 1400 of the United States Code.

2. The patent in suit is a pioneer patent and as such is entitled to a liberal construction,[1] and to a broad and liberal range of equivalence and it is not to be limited to the precise device and instrumentality disclosed[2] and minor discrepancies in the drawings in the patent in suit do not invalidate the patent.[3] The patent in suit fully complies with the requirements of the law as to patent disclosures by disclosing the best method of practicing the invention.[4] The claims of a patent must always be explained by and read in connection with the specifications,[5] and the claims of the patent in suit must be interpreted consistently with the disclosure of the patent, so "laterally" as used in the claims can not be read as synonymous with "horizontally."

3. All four claims in the suit, claims 20, 23, 24 and 25 of the United States Reissue Patent 23,231 are valid and none of the claims in suit is invalid over any of the 21 prior art patents cited by the defendant.[6]

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[1] Blanc v. Curtis, 119 F. 2d, 395, 396.

[2] Priebe & Sons Co. v. Hunt, 8 Cir., 188 F. 2d 880, 881.

[3] Cutler-Hammer Mfg. Co. v. Union Electrical Mfg. Co., 147 F. 266, 269; Remington Cash Register Co. v. National Cash Register Co., 6 F. 2d 585, 620.

[4] Continental Paper Bag Co. v. Eastern Paper Bag Co., 210 U. S. 405, 52 L. Ed. 1122.

[5] Carnegie Steel Co. v. Cambria Iron Co., 185 U. S. 403, 432, 46 L. Ed. 968.

[6] Vegetable Oil Products Co. v. Dorward & Sons Co., 53 F. Supp. 281, 285.

Conclusions of Law of the District Court.

4. The defendant's accused machine infringes apparatus claim 20 of the patent in suit.

5. The defendant's accused method infringes method claims 23, 24 and 25 of the patent in suit.

6. The patent in suit is not invalid for defining a method or means for producing an unstable article.

7. Whether the old or the new law applies, defendant has no intervening rights because it did not comply with the legal requirements as to substantial use of the invention prior to reissue.[7]

8. Since the defendant failed to call witnesses whose names and addresses were known to the defendant, and who according to the oath of defendant's president had knowledge of the use of the invention prior to reissue, it is to be presumed as a matter of law that the testimony of those witnesses would be adverse to the defendant, and under such circumstances, the defendant's entire case is open to suspicion.[8]

9. The mere acquiring by the defendant of the purely experimental, non-commercial machine for the purpose of approaching the plaintiff looking toward an "arrangement", with only limited experimental and no commercial use of that machine, is not sufficient in law to create an intervening right either under the old law or the new.[9]

10. Under the old law (Title 35, Sec. 64 of the United States Code, and the decisions of the Court

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[7] Tulchin v. Perey Mfg. Co., 87 F.2d. 302.

[8] Standard Sanitary Mfg. Co. v. J. L. Mott Iron Works, 152 F. 635; Ga. Code, 38-119.

[9] Tulchin v. Perey Mfg. Co., supra.

thereunder as to intervening rights prior to 1953), an intervening right could be created only by substantial use prior to the reissue of a thing or method not covered by the original patent; an affirmative intention as the defendant had in the present case to respect the patent is inconsistent with the existence of that prerequisite for an intervening right.

11. Under the present law (Title 35, Sec. 252 of the United States Code, in effect since January 1, 1953), the extent of use necessary to create an intervening right is substantially the same as under the old law, but the statute vests discretionary power in the Courts as to enforcement.

12. In the new law (Title 35, Sec. 252) the phrase "made, purchased or used," has substantially the meaning of "made or purchased and used;" the word "or" is construed as "and" to give effect to the evident intention of The Congress.[10]

The plaintiff is entitled to the injunctive relief prayed and a proper decree may be prepared and presented.

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[10] Comer v. American Telephone & Telegraph Co., 176 Ga. 651.

Final Judgment of the District Court

(Entered August 24, 1955)

This cause was fully tried before the Court and was argued by counsel both orally and in briefs, and the Court, having considered the evidence and the arguments presented, hereby Orders, Adjudges and Decrees as follows:

1.

Plaintiff, Pittsburgh-Erie Saw Corporation, a Delaware corporation, of Pittsburgh, Pennsylvania, is and has been at all times since the grant thereof on May 16, 1950, owner of the entire right, title and interest in and to United States Reissue Letters Patent No. 23,231 for Method and Apparatus for Wrapping Saw Blades or the Like and of all rights to obtain injunctive relief thereunder and to recover damages for infringement thereof.

2.

Said United States Reissue Letters Patent No. 23,231 are good and valid in law.

3.

Defendant, Southern Saw Service, Inc., a Georgia corporation, of Atlanta, Georgia, has infringed claims 20, 23, 24 and 25 of said United States Reissue Letters Patent No. 23,231.

4.

Defendant has no intervening rights.

5.

Defendant and all persons in privity with defendant are hereby perpetually enjoined from infringing said United States Reissue Letters Patent No. 23,231.

6.

While plaintiff is not, under the facts of this case, entitled to recover damages or attorney's fees, yet plaintiff shall recover of the defendants its costs incurred in this cause to be taxed by the Clerk of this Court.

Opinion of the Court of Appeals

(Filed November 27, 1956.)

[reported at 239 F.2d 339]

Before HUTCHESON, Chief Judge, and BORAH and BROWN, Circuit Judges.

BORAH, Circuit Judge: Pittsburgh-Erie Saw Corporation brought this suit against Southern Saw Service, Inc. on March 9, 1954, seeking injunctive relief and damages for an alleged infringement of its reissue patent No. 23,231. Plaintiff-appellee is the assignee of the original Wilson and Wilson patent No. 2,458,971, granted on January 11, 1949, for Methods and Apparatus for Wrapping Saw Blades or the Like. In 1948 and prior to issuance of the original patent, defendant-appellant had one of its employees build the accused machine for wrapping band saw blades. Within a year after the original patent had been granted and on November 29, 1949, the patentees, joined by plaintiff, filed application for a reissue of the original patent and reissue patent No. 23,231, the patent in suit, was granted on May 16, 1950. The Patent Office record with respect to the claims in the reissue patent shows that numerous claims of the original patent, including Claim 19,[1] were cancelled, that old Claims 11 and 12 were rewritten as reissue Claims 21

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[1] 2-10, 13-16, 18 and 19.

and 22 respectively, and that Claims 20, 23, 24, and 25 were added.

Four years after the reissue was granted, the instant complaint was filed in which it was alleged that within six years prior to the filing of the complaint, defendant, despite notice of the infringement; had been and still was infringing plaintiff's reissue patent by making and using an apparatus embodying the patented invention and method for wrapping band saw blades or the like. Defendant in its amended answer admitted that at times between March, 1948, and the date on which the complaint was filed, it made and used the accused machine, and by way of defense denied infringement, and the invalidity of the reissue patent and its claims, and asserted that it has an intervening right and is not liable for infringement, if any.

The case came on for trial before the court on the pleadings, stipulations, oral testimony and documentary proofs, and the court after having had the benefit of arguments of counsel orally and on brief, made complete and explicit findings of fact and stated its conclusions of law.

Thereafter, in conformity with its findings there was entered the judgment appealed from in which the court rejected the defense of intervening rights, declared that plaintiff's reissue patent No. 23,231 was valid and Claims 20, 23, 24 and 25 thereof infringed by defendant's accused machine, and perpetually enjoined defendant and all persons in privity with it from infringing reissue patent No. 23,231.

Appellant is here insisting that the judgment should be reversed in its entirety and each of the specifications of error assigned will now be considered.

With reference to the defense of intervening rights, the trial court concluded that it mattered not whether the "old"[2] or the "new" law[3] applies, for in either situ-

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[2] Former 35 U.S.C.A. 64 provides, in part: ". . . in so far as the claims of the original and reissued patents are identical, such surrender [of the original patent] shall not affect any action then pending nor abate any cause of action then existing, and the reissued patent to the extent that its claims are identical with the original patent shall constitute a continuation thereof and have effect continuously from the date of the original patent . . . Every patent so reissued, together with the corrected specifications, shall have the same effect and operation in law, on the trial of all actions for causes thereafter arising, as if the same had been originally filed in such corrected form . . ."

[3] 35 U.S.C. 252. *"Effect of reissue.* The surrender of the original patent shall take effect upon the issue of the reissued patent, and every reissued patent shall have the same effect and operation in law, on the trial of actions for causes thereafter arising, as if the same had been originally granted in such amended form, but in so far as the claims of the original and reissued patents are identical, such surrender shall not affect any action then pending, nor abate any cause of action then existing, and the reissued patent, to the extent that its claims are identical with the original patent, shall constitute a continuation thereof and have effect continuously from the date of the original patent.

"No reissued patent shall abridge or affect the right of any person or his successors in business who made, purchased or used prior to the grant of a reissue anything patented by the reissued patent, to continue the use of, or to sell to others to be used or sold, the specific thing so made, purchased or used, unless the making, using or selling of such thing infringes a valid claim of the reissued patent which was in the original patent. The court before [which] such matter is in question may provide for the continued manufacture, use or sale of the thing made, purchased or used as specified, or for the manufacture, use or sale of which substantial preparation was made before the grant of the reissue, . . . to the extent and under such terms as the court deems equitable for the protection of investments made or business commenced before the grant of the reissue."

ation appellant has no intervening rights "because it did not comply with the legal requirements as to substantial use of the invention prior to reissue." This conclusion was amplified somewhat in the court's opinion wherein it was stated that under Section 64 of Title 35, prior to its revision in 1952, an intervening right could be created only by substantial use prior to the reissue of a thing or method not covered by the original patent, and that "an affirmative intention as the defendant had in the present case to respect the patent is inconsistent with the existence of that prerequisite for an intervening right." As to the new law, the court in its opinion stated that under Section 252 "the extent of use necessary to create an intervening right is substantially the same as under the old law," the only difference being that the new statute vests discretionary power in the courts as to enforcement. This statement was bottomed upon the premise that the phrase "made, purchased or used" in Section 252 had substantially the meaning of "made or purchased and used." And in construing this phrase, the court concluded that the word "or" should be read as "and" for the purpose of giving effect "to the evident intention of The Congress."

It is the contention of appellee that former Section 64 governs with respect to the issue of intervening rights, but that in any event the trial judge was correct for the reasons which he gave. The contention that Section 64 controls is predicated upon the provisions of Sections 4(a) and 5 of the Act of July 19, 1952, c. 950, 66 Stat. 792, by which the revised U.S.C. Title 35 was enacted. Appellee argues that these sections saved from repeal its right of recovery for infringement of any

claim of the original patent, without regard to whether such claim had been carried over in the reissue, and that survival of the right to prosecute such cause of action carried with it the correlative right to negative the within claim of intervening rights by showing insubstantial use. In support of this construction of the savings and repealing section of the Act of July 19, 1952, appellee contends that the evidence clearly shows that the accused machine infringed Claim 19 of the original patent, and under the old law such infringement would negative appellant's claim of intervening rights. We do not at all agree. It is true that Section 5 of the Act of July 19, 1952, repeals certain sections of the prior patent act, including former Section 64, and the second paragraph of Section 5 states that "Any rights or liabilities now existing under such sections or parts thereof shall not be affected by this repeal." It is also true that former Section 64, which provides in part that "the reissue patent *to the extent that its claims are identical with the original patent*"[4] shall constitute a continuation thereof, undoubtedly gave appellee the right to sue, before or after reissue, for infringement of its reissue patent as to old or former claims which had been carried over into the reissue patent. But, as to original patents, Section 64 provides only that the surrender of the original patent shall not affect any action then pending, *nor abate any cause of action then existing*.[5] In the case at bar, appellee sued for infringement of the reissue patent, and solely as to new claims which were not in the original patent. It did not seek damages or injunctive relief for any alleged infringe-

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[4] All italics herein ours [the Court's].

[5] See Walker on Patents, Deller's Ed., Vol. 2, p. 1395.

ment of the original patent, and even though it still has a right under old Section 64 to prosecute a cause of action on the original patent which existed prior to the reissue, *Schull v. Cavins,* 9 Cir., 94 F. 2d 357, it has taken the position throughout this action that appellant's machine was capable of commercial operation and appellant's use thereof amounted to infringement only in and after August, 1953, that is, several years after the reissue. We are of opinion, therefore, that appellee, having elected to sue for infringement of the reissue patent, cannot here defeat the claim of intervening rights by urging a separate cause of action which it may or may not have on the original surrendered patent. Instead, we think that the question of intervening rights should and must be resolved under Section 252 of the 1952 Patent Act.

The first paragraph of Section 252 is a restatement of former Section 64, but the second paragraph is a new provision which protects intervening rights of any person who "made, purchased or used prior to the grant of a reissue anything patented by the reissued patent."[6] This protection is in the proviso which states that no reissue patent shall abridge the right of such person *"to continue the use of the specific thing so made,* purchased, or used," unless the using of such thing infringes a valid claim *which was in the original patent.* Appellant's defense was based upon the fact that it had made and operated the accused machine prior to the date on which the reissue patent was granted; that such making and using did not infringe any claim of the original patent

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[6] See P. J. Federico, Commentary on the New Patent Act, U.S.C.A., Title 35, p. 1, preceding Section 1.

which was repeated in the reissue; and this being so, it should be permitted to continue the use of the accused machine, even though there might otherwise be established in the suit an infringement of new or amended claims of the reissue patent. We think Section 252 supports appellant's position. With deference to the trial court's views, we can find no ambiguity on the face of the statute which warrants looking to legislative intent in using the words "made, purchased or used;" nor, conceding *arguendo* that such an inquiry were proper, is there anything in the legislative history to lend support to the construction placed upon the phrase by the trial court. Here, appellant made or purchased the accused machine in 1948, which was long prior to the reissue.[7] And Section 252 gives appellant an absolute right to continue using it without regard to the extent of its use prior to reissue, and subject only to the requirement that *its use does not infringe an original valid claim which was carried over into the reissue.* The only original claim which appellee has urged was infringed is Claim 19, but that claim was abandoned without appeal in the prosecution of the reissue application and cannot be considered here as a claim carried over into the reissue. Accordingly, the judgment of the court below to the extent that it denied appellant the right to continue using the accused machine must be reversed.

This brings us to a consideration of appellant's contention that the reissue patent and the claims in suit are invalid. The trial judge found that appellee's machine is

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[7] The machine was modified slightly after the reissue but such changes which were primarily to increase the speed of the machine were not material and do not warrant a finding that the machine was "made or purchased" after the reissue.

substantially the same as the patent in suit and its method is the same as the patent method, and that the patent teaches for the first time a new combination of elements producing a new and useful result. On the basis of these and other findings of fact he concluded that minor discrepancies in the patent drawings do not invalidate the patent; that the patent fully complies with the law as to patent disclosures by disclosing the best method of practicing the invention; and finally, that Claims 20, 23, 24 and 25 of the reissue patent are valid and are not invalid over any of the twenty-one prior art patents cited by appellant or for defining a method or means for producing an unstable article. Claim 20 is an apparatus claim reading as follows:

> "20. Apparatus for applying to and folding transversely about an endless flexible flat band an elongated wrapping strip extending along the band comprising means advancing longitudinally the band and strip in face-to-face relation *including opposed pinch rolls* pressing the opposed flat faces of the band and strip directly together and *strip folding means* separate from the pinch rolls acting on the strip to fold it about the band as the band and strip are advanced together therethrough, *mounting means* and a *connection between the mounting means and the strip folding means* movably mounting the strip folding means on the mounting means *providing for lateral opening of the strip folding means* to permit introduction thereinto of the endless band at the beginning of the operation and removal of the wrapped endless band at the conclusion thereof."

The remaining claims, which are set forth in the margin,[8] are method claims which define substantially the same method though in different words.

On this appeal, appellant contends that the reissue patent is invalid as to the claims in suit for the reasons that they contain new matter and are to a different invention than that disclosed in the original patent, and that they are anticipated by the prior art and obvious to a person skilled in such art.

We have carefully considered the issue of the validity of the patent in suit, but our interpretation of the prior art, the physical exhibits and the testimony compels us to agree with the district court's conclusion that the patent is valid. We think it plain that appellant

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[8] "23. In a method of wrapping an endless flexible flat band having cutting means at one edge thereof, the steps comprising disposing a portion of the band in a wrapping path, also disposing in the wrapping path a portion of a wrapping strip wider than the band with said portion of the band and said portion of the wrapping strip in face-to-face contact, pressing the flat faces of the band and wrapping strip together and advancing the band and wrapping strip lengthwise through force applied between the inside and the outside of the band generally in a plane normal to the band and wrapping strip until the length of wrapping strip thus advanced is at least substantially equal to the circumferential length of the band so that the wrapping strip at least approximately overlaps itself and in the wrapping path progressively folding the wrapping strip about the band during such advance.

"24. In a method of wrapping an endless flexible flat band having cutting means at one edge thereof the steps comprising introducing laterally into a wrapping path a portion of the band, introducing longitudinally into the wrapping path the leading end of an elongated wrapping strip wider than the band with said portion of the band and the leading end of the wrapping strip in face-to-face contact, pressing the flat faces of the band and wrapping strip together and applying tractive force to the band and wrapping strip between the

has failed to overcome the presumption of validity which attached to the patent claim. 35 U.S.C. 282.

The evidence here shows that the changes made in the reissue patent were solely for the purpose of clarification, amplification, expression of a more general aspect of the invention, and for alternative expression or for correction of unclear language. Each of the elements of the invention referred to in the reissue claims was in fact disclosed by the original patent and the reissue patent did not involve any new idea or disclosure. The reissue claims simply gave a more adequate description of the invention, enlarged the claims to some extent, but did not enlarge the invention by changing, adding or deleting its elements.

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inside and the outside of the band generally in a plane normal to the band and wrapping strip and thereby advancing the band and wrapping strip lengthwise until the length of wrapping strip thus advanced is at least substantially equal to the circumferential length of the band, in the wrapping path progressively folding the wrapping strip about the band during such advance and withdrawing laterally from the wrapping path the portion of the wrapped band disposed in the wrapping path upon completion of the wrapping.

"25. In a method of wrapping an endless flexible flat band having cutting means at one edge thereof, the steps comprising disposing a portion of the band in a substantially straight wrapping path, also disposing in the wrapping path a portion of a wrapping strip wider than the band with said portion of the band and said portion of the wrapping strip in face-to-face contact, pressing the flat faces of the band and wrapping strip together and advancing the band and wrapping strip lengthwise through force applied between the inside and the outside of the band generally in a plane normal to the band and wrapping strip until the length of wrapping strip thus advanced is at least substantially equal to the circumferential length of the band so that the wrapping strip at least approximately overlaps itself and in the wrapping path progressively folding the wrapping strip about the band during such advance."

No useful purpose would be served by unduly lengthening this opinion with a detailed discussion of the divergencies in purpose, structure and mode of operation of all of the various prior art patents that have been cited.[9] We deem it sufficient to say that while the patent in suit calls for a combination of old elements which can be found in some of these prior art patents: (1) means for pulling or advancing the article and wrapping paper, (2) folding means for turning the edges of the paper around the edges of the article, and (3) mounting means so that the folding means can be opened for inserting and removing an endless article, we are in agreement with the trial judge that the reissue patent produces for the first time a new combination of elements which produces a new and useful result, i.e. the wrapping of band saw blades or endless, flexible flat articles.

On the issue of infringement the trial court found that the patent in suit is a pioneer patent and has advanced the state of the art of wrapping endless, flexible flat articles such as band saw blades; that appellant's machine and method are in all respects the same as the patented machine and method, although the machines differ in form; that the differences in form are not differences which reflect a departure by the appellant from the invention of the patent in suit; that the accused apparatus responds completely in terms and substance to reissue patent Claim 20; and, that appellant's method similarly responds completely to Claims 23, 24 and 25

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[9] Among such patents in evidence are Dunlop, British Patent No. 327,229 for wrapping rims for vehicles or curvilinear lengths of metal and Bindszus Patent No. 2,276,282, for a razor blade wrapping machine.

of the reissue patent. From these and other findings of fact the trial court concluded as a matter of law that the patent was entitled to a liberal construction and a broad and liberal range of equivalence, and is not to be limited to the precise device and instrumentality disclosed; and that the four reissue claims in suit had been infringed.

Appellant contends that the patent in suit is not a pioneer patent and thus is not entitled to liberal construction; that the reissue claims are restricted by the prior art and by their prosecution histories so that they cannot be construed as broad enough to include the accused machine and its operation; and that the accused machine and its operation does not have or employ the parts or steps of the patent machine and process or equivalents thereof, but rather follows the prior art and therefore does not infringe any of the claims of the reissue patent. On the record before us, which we have carefully examined, we cannot agree with the trial judge that the patent in suit is a true "pioneer" patent. As we understand the law of patents, a pioneer invention is one which performs a function never performed by an earlier invention. Conspicuous examples of pioneer patents are those to Howe of the sewing machine, to Morse of the electrical telegraph and to Bell of the telephone. *Westinghouse v. Boydon Power Brake Co.*, 170 U. S. 527, 561. In the instant case, the invention is neither a pioneer nor an improvement so slight as to be almost immaterial. Instead, we are constrained to agree with the trial court that in the light of prior wrapping devices this invention is one of such novelty and importance as to mark a distinct step in the progress of the art, and it is a primary patent in the sense that it

was the first device to wrap band saw blades or any endless, flexible flat article. With respect to infringement, the law gives an inventor a range of equivalents commensurate with the scope of his invention, and as applied to the facts at bar the law entitles appellee a liberal treatment to range of equivalents in view of the meritorious improvement which was made by the patent in suit. Appellant's additional arguments in favor of a limited or narrow construction have been considered but do not merit discussion in the light of what we have just said.

We also agree with the trial court that appellant's machine and method are in all material respects the same as the patented machine and method, and that such differences as exist do not avoid infringement. The record shows that the preferred embodiment of the invention includes a table adapted to support the endless flexible band on edge, and a means for advancing the band together with the paper wrapping strip along a predetermined wrapping path. It is clear from the description of the patent that it consists of a specific combination of (1) strip folding means which are openable to permit introduction of the band and removal of the wrapped endless band, together with (2) opposed pinch rolls acting upon the flat faces of the band and wrapping strip so that as the pinch rolls advance or move the band and wrapping strip along the wrapping path, the folding means act on the wrapping strip to fold it about the band. The folding is accomplished during the progress or movement of the wrapping strip and band through the wrapping path and is not limited to folding of first one and then the other edge of the wrapping strip in separate successive steps.

Claim 20 can be read in express terms upon the accused device. The endless flexible band on the accused machine is disposed vertically, the paper strip is brought against the inner side of the band, and the two edges of the paper strip are turned up at the same time about both edges of the band. Both edges of the paper strip are then folded to overlap at the outside of the band by folding devices which can be opened in order to permit insertion of the band and the removal of the wrapped band. The trial court found and we agree that the fact that the preferred embodiment is accomplished by disposing the band in a generally horizontal plane does not limit the invention to such disposition. The principal difference between a horizontal and a vertical embodiment is found to be in the detailed structure of the folding means, but in either case, the wrapping strip will be wrapped about the band longitudinally in a predetermined wrapping path as the band and strip are advanced by pinch rolls acting against the flat surfaces of the band. The fact that in the accused machine both sides of the wrapping strip are folded over the band simultaneously does not avoid the invention on the claims of the patent in suit. It is well settled that infringement exists only when the accused device and the teachings of the patent in suit are substantially identical in structure, mode of operation and results accomplished. *Stewart-Warner Corp. v. Lone Star Gas Co., et al.,* 5 Cir., 195 F. 2d 645. Here, from a comparison of the patent invention with the accused machine, we are of opinion that the two structures exhibit no substantial difference in physical structure, or any obvious departure in basic principle or mode of operation. We therefore conclude as did the trial court that these differences between the machine of the

patent and appellant's machine are not differences which depart either in terms or in substance from the claims in suit. Appellant accomplishes exactly the results of the patent by exactly equivalent means and in exactly the same way, merely changing the form of certain elements whose specific form is not a limitation of the invention.

In view of our decision above that the degree of use is immaterial to appellant's claim of intervening rights, we deem it unnecessary to rule on appellant's objections to the trial court's rulings in respect to certain evidence, since all of the evidence objected to and conclusions drawn therefrom pertained solely to the issue of extensiveness of use of the accused machine prior to reissue of the patent in suit, and the admission or rejection of this evidence could not possibly affect the result.

For the reasons stated, the judgment should be modified so as to hold that Southern Saw Service, Inc. has intervening rights and is entitled to the continued use of the accused machine, and as thus modified the judgment is affirmed.

MODIFIED AND AFFIRMED.

HUTCHESON, Chief Judge, Concurring in part and dissenting in part:

Of the opinion that the judgment should be affirmed as written, I dissent from its modification so as to provide that appellant "has intervening rights and is entitled to the continued use of the accused machine".

Because, aside from this, I find myself in complete agreement with the excellent opinion of the majority, I

think it desirable to precisely state the point of difference between us and to briefly give my reasons therefor.

I agree with the view of the majority that "the question of intervening rights must be resolved under Section 252 of the 1952 Patent Act". I agree, too, with its view that the district judge erred in reading the word "or" in the provision "to continue the use of the specific thing so made, purchased or used", as "and", as I agree with its view that "Claim 19 of the original patent does not constitute a barrier to defendant's claim of intervening rights."

I nevertheless disagree with the ultimate conclusion that "Section 252 gives appellant an absolute right to continue using the accused machine without regard to the extent of its use prior to reissue". This is so because it is my view that the statute, in line with decisional law under Sec. 64 of the earlier statute remits the matter to the discretion of the court "before which such matter is in question", for determination by it upon equitable considerations, and the undisputed evidence, particularly the testimony of Anderson, defendant's president, establishes conclusively that there is no basis here for the claim of equitable rights.

Judgment of the Court of Appeals

(Entered November 27, 1956)

This cause came on to be heard on the transcript of the record from the United States District Court for the Northern District of Georgia, and was argued by counsel;

On consideration whereof, It is now here ordered and adjudged by this Court that the judgment of the said District Court in this cause be, and the same is hereby, modified so as to hold that Southern Saw Service, Inc. has intervening rights and is entitled to the continued use of the accused machine; and as thus modified, that said judgment be, and it is hereby, affirmed;

It is further ordered and adjudged that the appellant, Southern Saw Service, Inc. be condemned to pay two-thirds of the costs of this cause in this Court, and that the appellee, Pittsburgh-Erie Saw Corporation, be condemned to pay one-third of the costs of this cause in this Court, for all of which execution may be issued out of the said District Court.

"Hutcheson, Chief Judge, concurring in part and dissenting in part."

Order Denying Rehearing

(Entered January 3, 1957)

As neither of the judges who concurred in the decision of the Court in the above numbered and entitled cause is of opinion that the petition for rehearing should be granted, it is ordered that the said petition be, and the same hereby is, DENIED.
